



Department of Justice

United States Attorney Glenn T. Suddaby
Northern District of New York

FOR IMMEDIATE RELEASE
TUESDAY, JANUARY 15, 2008

CONTACT: GLENN SUDDABY
PHONE: (315) 448-0672
WWW.USDOJ.GOV/USAO/NYN

**COUPLE PLEADS GUILTY TO OPERATING
FRAUDULENT INVESTMENT SCHEME**

ALBANY, NY – Glenn T. Suddaby, U.S. Attorney for the Northern District of New York, and John Pikus, Special Agent in Charge of the Albany Division of the Federal Bureau of Investigation, announced today that husband and wife, **STEVEN AND JEANNE O'BRIEN**, of Clifton Park, New York, pled guilty before the Honorable Thomas J. McAvoy in United States District Court in Albany, New York, to the crime of Mail Fraud. Sentencing is scheduled for May 8, 2008, in Albany.

In connection with their guilty pleas today, the O'Briens admitted the following: In approximately 1998, they started a company called Save-A-Home, LLC ("Save-A-Home") which they operated from their home and from a commercial location on Route 9 in Clifton Park. The O'Briens solicited Save-A-Home investors and made representations concerning guaranteed return of investor principal and promised rates of return by the company. **STEVEN O'BRIEN** executed "joint venture agreements" with investors on behalf of Save-A-Home that promised that investor funds would be used "to acquire, own, operate, maintain, lease and sell" real estate properties. He was responsible for the purchase, renovation, maintenance, and sale of properties on behalf of Save-A-Home. **JEANNE O'BRIEN** managed the day-to-day operations of Save-A-Home, including receipt of investor checks and payment of dividend checks. She further controlled the Save-A-Home bank account and made withdrawals and deposits on behalf of the company.

From sometime in 2000, through in or about November 20, 2003, the O'Briens knowingly devised a scheme and artifice to defraud Save-A-Home investors of monies by means of false and fraudulent pretenses and representations. Beginning with a single investor, Save-A-Home purchased and

resold a few real estate properties returning the promised rate of return to the investor. The investor thereafter referred several friends to the O'Briens as potential investors with Save-A-Home. Over twenty investors, from New York and New Jersey, gave the O'Briens cash investments under Save-A-Home joint venture agreements.

STEVEN O'BRIEN executed a written "joint venture agreement" with each investor on behalf of Save-A-Home which falsely promised that the investor's funds would be used to purchase a specified real estate property or one "to be determined." The joint venture agreement also falsely promised that the investor would receive an above-market rate of return within two to three months from the lease or sale of the property. Typically, the agreement promised 20% return on investment in 90 days, but sometimes promised as much as 30% return on investment and/or a return in 60 days. The O'Briens gave the investor the option of rolling-over the principal and profits at the end the disbursement cycle into future Save-A-Home renovation projects and investors typically chose to do so.

The O'Briens falsely represented to investors that their principal investments were safe, that they would be returned on or before a specified time with profits, and that the investors could withdraw their principal investments and profits at any time. In truth and fact, Save-A-Home ceased to acquire real estate shortly into its operation, was not profitable, and had insufficient assets from which to generate returns as promised.

Relying on the O'Briens' false representations Save-A-Home investors provided tens of thousands of dollars each under the belief that their principal investments would be used to purchase, renovate and maintain real estate for resale. Investors made these payments to Save-A-Home by check provided in person or by mail. JEANNE O'BRIEN did not segregate investor funds in any way, but rather pooled them in one Save-A-Home bank account.

The O'Briens unlawfully enriched themselves and fraudulently obtained monies from Save-A-Home investors by operating a pyramid, or Ponzi scheme, by which they used funds obtained from later investors (those at the bottom of the pyramid) to pay "dividends" or "returns" to early investors (those at the top of the scheme) and to pay the guaranteed rates of return only to select investors. The payment of periodic dividends to investors and of sizeable returns to some

investors attracted additional investors and lulled investors into believing that their investments were safe, secure, and profitable. In truth and fact, the dividend payments and returns did not come from profits derived from Save-A-Home investments or business transactions, but rather from other investor funds.

To encourage new investments and for the fraudulent purpose of reassuring doubting investors, the O'Briens falsely represented to investors that Save-A-Home had purchased specified properties in the Albany, New York, area, in the Bronx, in New Jersey and in Florida, and that the company had offices in New Jersey and Florida. STEVEN O'BRIEN further took certain investors to see properties in the Albany area and in New Jersey and falsely claimed that Save-A-Home owned or intended to purchase said properties with investor funds. In addition, he reviewed with certain investors false and misleading written summaries of purported Save-A-Home real estate purchases and forecasted gains.

At times when Save-A-Home was unable to send investors purported dividend checks, JEANNE O'BRIEN sent electronic mail messages to investors falsely claiming that the delay in payment was due to restructuring of Save-A-Home or other unforeseen circumstances. For example, on October 3, 2003, she sent an electronic message to investors falsely claiming that "the current business climate for Save-A-Home [was] sound," that the company had "solid assets," and that it was "targeting the end of year 2003 to be in a position to payback all investors." In truth and fact, months prior to this e-mail, Save-A-Home's accountant had advised JEANNE O'BRIEN that Save-A-Home had lost \$700,000 in 2002 and was a failing business concern, and she then well knew that there were no assets or funds available to pay investors.

Despite knowing that Save-A-Home had failed and that there was no money to pay investors, on or about November 15, 2003, the O'Briens knowingly caused an investor to mail them a joint venture agreement and checks totaling \$50,000, and subsequently deposited the funds in Save-A-Home's account. A few days later, at the request of the O'Briens, Save-A-Home's accountant wrote to each investor for a confirmation of cash investments for purposes of determining Save-A-Home's liability to investors in bankruptcy.

The O'Briens fraudulently enriched themselves by drawing salaries from Save-A-Home investor funds, and by diverting investor funds to personal

expenses such as payments of their residential mortgage, an automobile lease, the purchase of a recreational vehicle, and a loan to STEVEN O'BRIEN's brother for the purchase of real estate.

It is estimated that there are at least 15 victims of the scheme who lost, in total, approximately 1.6 million dollars in investments. The O'Briens have agreed to a forfeiture order in that amount. At sentencing, the O'Briens each face a term of imprisonment of up to 20 years and a fine of up to \$250,000, and will be required to pay restitution to the victims of the crime.

The case was investigated by the FBI Albany Division. The New York State Police provided assistance. The case is being prosecuted by Assistant United States Attorney Tina Sciocchetti of the United States Attorney's Office for the Northern District of New York.

CONTACT: AUSA TINA E. SCIOCCHETTI, 518-431-0247

###